

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 141658Z NOV 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4402

INFO USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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E.O. 11652: NA

TAGS: ETRD, ENRG, SENV, EEC, GW

SUBJECT: FRG'S LEADED-GASOLINE LAW: PHASE TWO

REF: EC BRUSSELS 09742

1. SUMMARY: FRG HAS AMENDED ITS LEADED-GASOLINE LAW TO PROVIDE TWO-YEAR TRANSITION PERIOD FOR DOMESTIC AND FOREIGN SUPPLIERS WHO CANNOT MEET NEW LEAD CEILING BY JAN. 1, 1976. WITH EXCEPTION OF INDEPENDENT DEALERS, LOCAL OPPOSITION TO THIS LAW HAS ABATED.
END SUMMARY.

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2. NOV. 14, EMBOFF, IN COURSE GENERAL TALK WITH SIEPMANN (DIRECTOR, ECONMINISTRY'S EC OIL OFFICE), ASKED ABOUT MECHANICS OF FRG'S LEADED-GASOLINE LAW. SIEPMANN SAID THAT FRG PASSED LAW IN 1971, POINTEDLY NOTING THAT THIS WAS WELL BEFORE EC MADE ITS PROPOSALS RE LEAD LEVELS IN GASOLINE. PHASE ONE OF 1971 LAW IMPOSES MAXIMUM LEAD CONTENT OF .4 GRAM/LITER ON ALL GASOLINE SOLD IN WEST GERMANY. PHASE TWO, WHICH ENTERS IN FORCE NEXT JANUARY 1, LOWERS CEILING TO .15 GRAM/LITER. FRG IS NOW COMPLETING PASSAGE OF SUPPLEMENTAL LAW WHICH WILL ENABLE IT TO AUTHORIZE SALES OF GASOLINE WITH HIGHER LEAD CONTENT FOR UP TO TWO-YEAR PERIOD AFTER JANUARY 1. FRG WILL LEVY CHARGE OF TWO PFENNIG/LITER ON ALL SUCH GASOLINE, BOTH FROM DOMESTIC REFINERIES AND FROM FOREIGN SOURCES, IN ORDER TO OFFSET UNFAIR COMPETITIVE ADVANTAGE AGAINST OTHER DIOMESTIC REFINERIES WHOSE CONVERSION TO LOWER-LEADED GASOLINE HAS RAISED PRODUCTION COSTS BY EQUIVALENT AMOUNT.

3. ACCORDING SIEPMANN, IMPORTED GASOLINE COVERS ONLY 10-15PERCENT OF WEST GERMAN CONSUMPTION. INDEPENDENT DEALERS BRING IN MOST OF THIS AMOUNT, USUALLY FROM ROTTERDAM, AND IN SOME CASES FROM NON-EC COUNTRIES SUCH AS USSR AND DDR. FRG WANTS TO PRESERVE MARKET SHARE OF INDEPENDENT DEALERS IN ORDER KEEP COMPETITIVE PRESSURE ON LOCAL MARKET. FRG EXPECTS THAT, OVER TWO-YEAR TRANSITION PERIOD, FOREIGN SUPPLIERS WILL MAKE NECESSARY ADJUSTMENTS TO MEET FRG .15 GRAM/LITER REQUIREMENT. HOWEVER, ECONMINISTRY EXPERTS SAY THAT FOREIGN REFINERIES CAN ALREADY PRODUCE, AS PART OF THEIR NORMAL OUTPUT, SOME LOW-LEADED GASOLINE WHICH MEETS NEW FRG STANDARD. MAJOR INVESTMENTS ARE REQUIRED ONLY WHEN ENTIRE GASOLINE PRODUCTION TRAIN MUST BE CONVERTED, AS IN CASE OF LOCAL GERMAN REFINERIES. SOME TWO-THIRDS OF THESE WILL CONVERT BY JANUARY 1; DELAYS DUE ENVIRONMENTAL SQUABBLES AND PLANT ACCIDENTS (E.G. FIRE AT MOBIL REFINERY IN WILHELMSHAVEN), HAVE PREVENTED OTHERS FROM MEETING DEADLINE.

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4. SIEPMANN STRESSED THAT 1971 LAW, AND SUPPLEMENTAL
BILL, ARE NONDISCRIMINATORY IN THAT THEY APPLY TO ALL
GASOLINE SOLD IN WEST GERMANY, REGARDLESS OF SOURCE.
HE CONCEDED THESE LAWS MIGHT REPRESENT TRADE BARRIER
BUT OPINED THAT, SHOULD ISSUE BE RAISED FORMALLY,
EUROPEAN COURT WOULD HAVE TO DECIDE BETWEEN BASIC
PRINCIPLES OF (A) FREE MOVEMENT OF GOODS AND (B)
SOVEREIGN STATE RIGHT TO PROTECT ITS ENVIRONMENT.
HE VOLUNTEERED PERSONAL OPINION THAT FRG WOULD REVISE
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ITS 1971 LAW IF EUROPEAN COURT FOUND AGAINST IT, BUT
HE DID NOT REGARD THIS PROSPECT AS IMMINENT OR LIKELY.

5. COMMENT: AS JANUARY 1 DRAWS NEAR, LOCAL
OPPOSITION TO STAGE TWO IS MUTING, WITH EXCEPTION OF
INDEPENDENT DEALERS. THEIR COMPLAINT IS, IN DOMESTIC
SCENE, LARGELY OFFSET BY INTERESTS OF REFINERIES WHICH
NOW HAVE INVESTED LARGE SUMS TO PRODUCE LOWER-LEADED
GASOLINE. OIL INDUSTRY AS WHOLE FAVORS STAGE TWO.
WE UNDERSTAND THAT EARLIER OPPOSITION OF AUTOMOBILE
INDUSTRY, AND CAR DRIVING CLUBS, HAS ALSO SUBSIDED NOW
THAT REFINERIES HAVE BLENDED A LOWER-LEADED GASOLINE
WHICH MEETS OCTANE NEEDS WITHOUT REQUIRING OVERHAUL
OF CAR MOTORS. END COMMENT.
HILLENBRAND

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